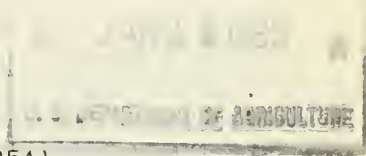


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Foreign CROPS AND MARKETS



(FOR RELEASE MONDAY, DECEMBER 27, 1954)

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UNITED STATES DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURAL SERVICE

WASHINGTON 25, D. C.

L A T E N E W S

Cotton mill consumption in Canada during November 1954 amounted to 29,000 bales (500 pounds gross), increasing about 4 percent over consumption of 28,000 bales in October, and 7 percent over the 27,000 bales consumed in November 1953. Recent reports of increased activity in the cotton textile industry indicate improvement may continue for the next few months.

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CORRECTION - The total quota established by the Government of India for export of Bengal cotton from the 1954-55 crop amounts to 75,000 Indian bales (61,250 bales of 500 pounds gross) instead of the 100,000 Indian bales (82,000 bales of 500 pounds gross) as reported in Foreign Crops and Markets, of December 20, 1954.

FOREIGN CROPS AND MARKETS

Published weekly to assist the foreign marketing of U. S. farm products by keeping the nation's agricultural interests informed of current crop and livestock developments abroad, foreign trends in production, prices, supplies and consumption of farm products, and other factors affecting world agricultural trade. Circulation is free to persons in the U. S. needing the information it contains.

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FRANCE ATTEMPTS TO MAXIMIZE INTERNAL USE OF WHEAT SURPLUS

In an effort to dispose of the surplus resulting from the largest soft wheat crop in its history, the Government of France this year is heavily subsidizing the use of millable wheat for livestock feeding and the sale of flour to overseas departments and territories.

Market deliveries from the 1954 crop are expected to reach 6,800,000 metric tons 1/ compared with 6,300,000 tons from the 1953 crop and 5,500,000 tons from the 1952 crop. With domestic requirements estimated at approximately 5,000,000 tons and the carry-over from the old crop at the extremely high level of 800,000 tons, new crop deliveries at the anticipated level would leave a surplus of 2,600,000 tons for export or carry-over.

Existing measures subsidizing the use of surplus wheat for feed, especially wheat of lower grades, are based on a Decree dated September 30 (No. 54-980). This decree authorized the sale of wheat by elevators for feeding purposes at prices considerably below the basic fixed price of 3,730 francs per quintal (\$2.90 per bushel) at which elevator sales are made to millers. Two rates of subsidy were authorized: a general rate for all wheat used for feed; and a special rate for feed wheat when the resulting livestock products are to be sold for export.

The general subsidy rate for wheat to be used for feed is 330 francs per quintal (\$0.26 per bushel). The resulting price of wheat for feed is 3,400 francs per quintal (\$2.64 per bushel) ex local elevator. This is the same as the basic price guaranteed to growers for wheat delivered to local elevators. This subsidy, which covers the handling charges and results in making supplies of wheat available to feeders at cost, is designed to place wheat on a comparable basis with corn for feeding purposes.

The special rate of subsidy for wheat used for feed, when the livestock products from such wheat are to be sold for export, amounts to 1,352 francs per quintal (\$1.05 per bushel). Therefore, the wheat feed price in this instance is 2,378 francs per quintal (\$1.85 per bushel) ex local elevator. This price is only 64 percent of the fixed price which millers must pay for wheat, and 70 percent of the price guaranteed to wheat producers.

To encourage orderly marketing of wheat in France, the guaranteed producer price increases by 12.5 francs per quintal (one cent per bushel) for each 2-week period between August 16, 1954 and May 15, 1955. The price of wheat for feed, like that of wheat to millers, will increase by the same amount as the season goes on.

A special directive by the National Cereals Office (ONIC) relating the purchase of imported corn to that of feed wheat has been issued to parallel the subsidy measures on feed wheat. Under this directive, feed mixers and dealers, in order to buy imported corn, must purchase two times as much wheat as corn for feeding purchases. Various ONIC orders provide that the net cost of wheat and corn will be the same to the feed dealer, after transport and other charges are taken into account.

1/ 1 metric equals 36.7 bushels.

Heavy subsidies on flour shipments to most overseas departments and territories are continued by an Order of October 15, 1954. Varying rates of subsidy, based on a full flour cost of 5,449 francs per quintal (\$7.06 per cwt.) for medium extraction, 12 percent moisture flour f.a.s. French ports are provided for. The Order groups overseas departments and territories into four areas for purpose of subsidy payments.

For Area I, French West Africa, the subsidy amounts to 607 francs per quintal (\$0.79 per cwt.) for medium extraction, 12 percent moisture flour. The resulting price f.a.s. French port, before taxes, and not including bag or barrel cost, is 4,842 francs per quintal (\$6.27 per cwt.). Flour exports to this area receive a relatively low subsidy because of a desire to protect French milling interests in Dakar.

The highest flour subsidy is on shipments to Area II, French Equatorial Africa, Togo, Cameroons, Madagascar, Reunion, and French India. For this area, the subsidy is 1,297 francs per quintal (\$1.68 per cwt.) and the f.a.s. price 4,152 francs per quintal (\$5.38 per cwt.). The high subsidy here is designed to encourage increased bread consumption where very low incomes prevail.

The flour export subsidy for Area III, comprising the Departments of Martinique, Guadeloupe, and Guiana, is 834 francs per quintal (\$1.08 per cwt.). The f.a.s. price is 4,615 francs per quintal (\$5.98 per cwt.). The price of flour to this area is designed to make bread prices equal to subsidized bread prices in France.

Area IV, The Associated States of Laos and Viet Nam, is the only area for which export subsidies are not provided. Accordingly, the price of flour for shipment to this area will be the full price of 5,449 francs per quintal (\$7.06 per cwt.). The omission of subsidies for Area IV should enhance the competitive position of United States and Australian flour exporters in Indochina.

The burden of the above subsidies falls on different groups. For feed subsidies, payment will be made from the ONJC Wheat Resorption Fund, about one-half of which is financed by resorption assessment on wheat producers and the remainder by the Government. The subsidy on flour exports will be paid by the Administration of Indirect Taxes of the Ministry of Finance upon issuance of an exit certificate by the Customs Bureau. The Administration collects indirect taxes from millers on all wheat entering mills.

The feed subsidy measure represents the second major innovation by the Government this year to dispose of surplus wheat production through both increased exports and domestic utilization. (For a description of the new export standards, the first major step, see Foreign Crops and Markets, December 20, 1954.) Further measures may result if action taken proves inadequate to remove the pressure of the wheat surplus.

Prices and Subsidies on French Wheat Flour Shipped to Overseas
Departments and Territories 1/

	: Low Extraction		: Med. Extraction		: High Extraction	
Subsidy Areas	: 2/		: 3/		: 4/	
	: Moisture Content:		Moisture Content:		Moisture Content:	
	: (Percent)		: (Percent)		: (Percent)	
	: 13.5:	12.0:	7.0 :	13.5 :	12.0 :	13.5 : 12.0
	: -- Dollars per Cwt.-- :					
I.-French West Africa, (Senegal,	:	:	:	:	:	:
Mauritania, Guinea, Sudan, Ivory:	:	:	:	:	:	:
Coast, Upper Volts, Dahomey) ...:	:	:	:	:	:	:
Price	6.39:	6.51:	7.15:	6.16	: 6.27	: 6.02 : 6.12
Subsidy	0.83:	0.84:	0.89:	0.77	: 0.79	: 0.74 : 0.76
II.-French Equatorial Africa,	:	:	:	:	:	:
Tongo, Cameroons, Madagascar,	:	:	:	:	:	:
Reunion, French India	:	:	:	:	:	:
Price	5.46:	5.56:	6.14:	5.29	: 5.38	: 5.17 : 5.26
Subsidy	1.76:	1.79:	1.90:	1.64	: 1.68	: 1.58 : 1.62
III.-Departments of Martinique,	:	:	:	:	:	:
Guadeloupe & Guiana	:	:	:	:	:	:
Price	6.01:	6.22:	6.95:	5.78	: 5.98	: 5.63 : 5.82
Subsidy	1.21:	1.13:	1.09:	1.15	: 1.08	: 1.13 : 1.06
IV.-Cambodge-Laos-Viet Nam:	:	:	:	:	:	:
(Etats-Associés)	:	:	:	:	:	:
Price	7.22:	7.35:	8.04:	6.93	: 7.06	: 6.76 : 6.88
Subsidy	0:	0:	0:	0	: 0	: 0 : 0

Source: Bulletin Officiel des Services des Prix.

1/ Prices apply to flour in sacs or barrels of 50 or 25 kilograms (110 or 55 pounds), net, f.a.s. French port, before taxes, and not including cost of bags or barrels.

2/ Test weight minus 5.

3/ Equal to test weight.

4/ Test weight plus 3.

MILK PRODUCTION DOWN IN DENMARK

Unfavorable autumn weather conditions has had a depressing effect on Danish milk production. In addition to unfavorable feeding conditions the weather has forced farmers into housing milk cows earlier this year and the decline in milk production is greater than the normal seasonal drop-off from flush period production.

Furthermore, price developments stemming from the price renegotiation on the long term contract with the United Kingdom have had a retarding effect upon the output of livestock products. Although the July 1, 1954 census showed milk cow numbers up 1.3 percent over 1953, farmers are indicating that they are cutting back cow numbers during the third quarter.

NETHERLANDS CONCERNED OVER BRITISH RESALE OF DUTCH CONDENSED MILK

According to newspapers in The Hague, British sources are reportedly selling two-year old condensed milk in world trade with the Dutch trade mark at about half its original price. The Netherlands Condensed Milk Manufacturer's Association is reported as considering a suit against the British Government; the milk was sold under Dutch label to the British Ministry of Food as part of about a 4.5-million-pound sale made early in 1953.

How much of the 1953 purchase that has found its way into world trade is not known, but the Association reports that representatives of Dutch firms in Singapore, Pakistan and some South American countries have noted that British firms were selling the Dutch condensed milk at one-half price.

Apparently the sellers have also assumed the risk of the milk's maintaining its keeping qualities. While the Dutch saw this as a distinct compliment to their product they also felt that their reputation, rather than the seller's, would be injured by the action.

NUMBER OF SLAUGHTER HOUSES IN ENGLAND AND WALES INCREASING

The number of slaughter houses in England and Wales has increased sharply with decontrol of the meat industry, but the number of plants now in operation is much less than prewar. Reduced numbers are a result of the British Food Ministry closing down a large number of the smaller plants during its wartime control of the meat trade.

The Ministry of Food reported that on August 1, 1954 there were 4,368 licensed private slaughter houses and 220 public slaughter houses in England and Wales. The responsibility for licensing slaughter establishments now rests solely with local authorities who consider the applications for licenses, taking into account existing requirements of producers and sanitary conditions.

During the control period from 1940 to June 1954, the average number of private slaughter houses used by the Ministry of Food was about 400. This compared with about 12,000 licensed or registered plants in 1938. Closing down a large number of plants was directed toward increased efficiency in the meat packing industry. The British Food Ministry is continuing its study of the requirements for new slaughter facilities under free market conditions.

ITALIAN MILK PRODUCTION DOWN

A report from Italy indicates that milk production for 1954 will be slightly below the 18-billion-pound output for 1953. Milk animal numbers have not declined but production per animal is reportedly under last year's level.

The decreased supply will affect only the milk going to feed livestock; it is expected that the amounts of milk consumed fresh and going to production will remain about the same as last year.

GUATEMALA ENCOURAGES IMPORTS OF CATTLE

Purebred livestock for breeding purposes are now allowed entry into Guatemala free of all duties and taxes as the result of Decree 149 of November 17. The decree also authorizes imports of feeder and stocker cattle from Central American countries free of duty and beginning September 1, 1955 will permit the exportation of cattle or beef from cattle weighing at least 900 pounds liveweight, providing the meat needs of the country have been satisfied.

Since the end of World War II, Guatemala has imported cattle each year and has never exported significant numbers. The largest imports in recent years have totaled around 40,000 head. Imports of purebred cattle during October and November 1954 totaled 198 head and consisted mostly of Holsteins and Santa Gertrudis. Guatemalan newspapers have reported fairly large entries of contraband stock cattle from Mexico in recent months. These cattle had been sold throughout San Marcos and other western provinces.

According to a census of April 1950 there were 903,000 head of cattle in Guatemala. It is believed that numbers are now substantially larger.

COSTA RICA SHIPS MORE CATTLE TO DUTCH WEST INDIES

Costa Rica has authorized the shipment of 1,500 more slaughter cattle to the Netherlands West Indies. Total shipments to the Islands from July 1, when exportations were first authorized, through the next several months are expected to total 4,000 head. (See Foreign Crops and Markets, November 29, 1954.)

Imported cattle supply a large proportion of the beef requirements of the islands of Curacao and Aruba, the most important of the Netherlands Antilles group. The native population is not accustomed to using frozen meat and prefers beef from local slaughter. The United States has been able to ship moderate amounts of cured beef products to the islands but much larger amounts of pork products have been exported. The United States has not been able to export live cattle in competition with other producers in the Caribbean.

Recent offers for steers averaging around 1,000 pounds at ship-side in Costa Rica are reported to be equivalent to 12 U. S. cents per pound. Some earlier shipments went forward at around 10 cents f.o.b.

BRAZIL'S COTTON EXPORTS INCREASED OVER LAST YEAR

Brazil's cotton exports for the first 3 months of the 1954-55 crop year are running about 30 percent ahead of last year, 333,000 bales of 500 pounds gross in August-October 1954 as compared with 250,000 bales in August-October 1953, according to A. K. Bueno, American Consulate General, Sao Paulo. Increases are reported in exports to Japan, West Germany, the United Kingdom, the Netherlands and China, and decreases in exports to France and Portugal.

BRAZIL: Cotton exports by countries of destination;
averages 1935-39 and 1945-49; annual 1952-1953;
August-October 1953 and 1954

(Equivalent bales of 500 pounds gross)

Country of destination	Year beginning August 1				August-October	
	Averages		1952	1953	1953	1954
	1935-39	1945-49				
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Canada.....	4.2	16.2	1/	18.8	5.5	.5
Belgium.....	30.0	70.7	0	53.8	12.8	16.0
Finland.....	2.3	10.2	0	0	0	0
France.....	89.5	64.1	4.3	140.7	26.8	17.9
Germany.....	285.6	.6	4.2	238.5	56.6	63.0
Italy.....	39.3	110.5	0	117.0	22.2	26.7
Netherlands.....	33.3	43.3	0	66.8	1.5	19.1
Poland.....	17.2	49.2	0	2.3	0	2.1
Portugal.....	26.4	11.2	2.1	11.9	11.9	0
Spain.....	2.8	136.3	29.9	64.6	3.8	3.9
Sweden.....	5.2	48.5	.5	25.0	6.0	7.6
United Kingdom.....	240.5	336.8	69.3	223.5	24.1	45.4
China.....	81.7	79.2	0	106.9	6.1	28.4
India.....	0	7.5	0	1.8	0	0
Japan.....	241.7	.9	24.9	246.8	56.7	80.2
Chile.....	0	11.5	8.7	9.4	1.5	.9
Colombia.....	.7	17.8	0	1.6	0	.4
Uruguay.....	0	7.2	.7	15.7	5.0	7.4
Australia.....	0	25.9	0	9.2	1.7	.3
Other countries.....	11.7	68.5	0	41.9	7.4	13.5
Total.....	1,112.1	1,116.1	144.6	1,396.2	249.6	333.3
1/ Less than 50 bales.						

Compiled from Comercio Exterior do Brazil; Agricultural Attaches and other United States representatives abroad.

The heavy exports of Brazilian cotton represent mainly deliveries against sales made earlier in the year when prices were lower. A price increase equivalent to about 3 U. S. cents a pound occurred early in September. A smaller decline of about 1 cent in December to around 36 cents for Sao Paulo Type 5 at Sao Paulo leaves Brazilian cotton still somewhat above world market level, and may retard the export movement in coming months.

Cotton stocks in Brazil on August 1, 1954 were estimated at 1,200,000 bales or about 40 percent below stocks of 2,050,000 bales held a year earlier.

Distribution of certified cotton seed in the State of Sao Paulo by October 31, 1954, was reportedly 23 percent greater than for the corresponding period of the previous year. This is not necessarily indicative of a proportionate increase in cotton acreage, however, because of replanting frequently required in Southern Brazil from unfavorable weather conditions. Sufficient rainfall for cotton planting was reported through October. The best time for planting cotton in Southern Brazil is between October 15 and November 15, but some planting is done before and after this period.

Picking of the North Brazil crop is well ahead of schedule for the harvest period of July-December 1954. Yields and quality correspond to expectations, although the "mate" or coastal crop is expected to be less than last year. The latest estimates of the North Brazil 1954-55 cotton crop are for 575,000 bales, as compared with production of 340,000 bales in 1953-54. Practically all of the North Brazil cotton is consumed locally or shipped to mills in South Brazil and very little is exported.

Total cotton production in all Brazil for the year August-July 1953-54 was estimated at 1,465,000 bales or about 6 percent below production of 1,560,000 bales in 1952-53. Production of cotton in South Brazil for 1953-54 was estimated at 1,125,000 bales, only slightly below the previous year's crop of 1,170,000 bales.

COLOMBIA ATTAINS SELF-SUFFICIENCY IN COTTON PRODUCTION

Latest estimates now place the 1954-55 Colombian cotton crop at about 140,000 bales (500 pounds gross) according to Quentin R. Pates, Agricultural Attache, American Embassy, Bogota. A crop of this size would exceed by several thousand bales the requirements of domestic mills for short and medium staple cotton. The harvest period is December-March in the Northern States where the current crop is estimated at 53,000 bales. Most of the harvesting in Central Colombia is done in August and September.

Early in 1954, the Cotton Development Institute of Colombia assigned to local textile mills their 1954 purchase quotas of domestically produced cotton, based on an expected cotton crop of 105,000 bales. As picking and ginning progressed in the central area it became apparent that yields were exceeding the most optimistic predictions. When ginning figures became available, they indicated that production had already reached 86,000 bales. This figure is added to the 1953-54 crop of 42,000 bales from the northern areas to provide a basis for mill quotas. On October 19, 1954, the Cotton Development Institute issued a resolution revising the earlier mill allotments on the basis of reported calendar year ginnings of 128,000 bales.

Stocks of domestic cotton at mills are already at very high levels and the mills will soon be forced to begin purchasing the northern area crop. Because of the lower cost and better quality of imported cotton, however, many mills have continued to import medium staple cotton, even though they have ample stocks of domestic growths on hand.

In an effort to reduce cotton imports to a minimum, the Colombian Government on November 17, issued a decree which provided for increased import duties on raw cotton, cotton yarns, and cotton threads, and authorized the Cotton Development Institute to buy, sell, or store domestic cotton as market conditions may require. In addition, the decree provides that before domestic cotton may be exported, approval must be obtained from the Ministries of Agriculture and Development.

Import duties on cotton, cotton linters, and cotton waste increased as follows:

<u>Cotton</u>	From 8 centavos per kilo (roughly the equivalent of 1.5 U.S. cents a pound) 1/ specific, and 5 percent ad valorem, to 35 centavos (6.5 U.S. cents) specific, and 10 percent ad valorem.
<u>Linters</u>	From free of duty to 15 centavos (3 U.S. cents) specific, and 10 percent ad valorem.
<u>Cotton Waste</u>	From 8 centavos (1/5 U.S. cent) specific, and 5 percent ad valorem to 25 centavos (4.5 U.S. cents) specific, and 10 percent ad valorem.
The duty was also increased on cotton yarn and thread.	

STABILIZED COTTON CONSUMPTION FORESEEN IN GERMANY

Consumption of cotton in the Federal Republic of Germany during August and September 1954 amounted to approximately 209,000 bales (500 pounds gross), or about 10 percent above the corresponding months of 1953, according to Arthur D. Foley, American Consul. Bremen. Consumption is expected to level off following this seasonal upturn, however, and the general outlook is for stability in the textile industry rather than further expansion.

Germany's cotton imports for August-September 1954 amounted to 166,000 bales, or about 9 percent below imports of 183,000 bales in August-September 1953. The United States share of Germany's imports increased from 15 percent of the total for the 2-month period in 1953, to 27 percent in 1954. Imports from Brazil and Egypt also increased during the period and decreases were shown for the Anglo-Egyptian Sudan, the Belgian Congo, Peru, and Turkey.

Germany's cotton mill stocks as of September 30, 1954, amounted to 234,000 bales or 19 percent above stocks of 197,000 bales held a year earlier. Consignment stocks which are primarily of United States cotton were also reportedly improved, although specific data on quantities held were not available.

1/ Conversions are approximations from centavos per kilogram to the nearest 0.5 U.S. cent a pound exchange rate - 1 peso equals US \$0.4020.

FEDERAL REPUBLIC OF GERMANY: Imports of cotton from major countries of origin; average 1934-38; annual 1951-53; August-September 1953 and 1954

(Equivalent bales of 500 pounds gross)

Country of Origin	Year beginning August 1				August-September	
	Average:	1951	1952	1953	1953	1954
	1934-38:					
	1,000	1,000	1,000	1,000	1,000	1,000
	bales	bales	bales	bales	bales	bales
Anglo-Egyptian Sudan	1/	0.6	27.8	25.6	10.8	2.2
Argentina	49.0:	.4	8.4	10.8	4.0	.8
Belgian Congo	12.7:	37.5	75.9	42.0	11.0	2.6
Brazil	284.8:	65.0	.7	213.6	17.2	32.3
British East Africa	1/	35.3	56.9	38.9	6.3	8.9
Egypt	174.1:	58.1	126.8	127.9	10.8	15.7
India	117.6:	4.5	23.2	7.3	2.0	.1
Iran	2/ 21.2:	11.2	37.8	30.8	4.6	1.6
Mexico	1/	18.9	85.6	89.3	22.9	21.7
Nicaragua	1/	.7	26.8	54.6	15.5	13.4
Pakistan	3/	30.5	92.4	35.2	1.9	2.0
Peru	83.2:	9.2	31.9	55.2	16.7	6.8
Syria	1/	3.5	38.5	39.3	2.1	.5
Turkey	48.3:	131.3	134.3	67.4	16.8	7.2
United States	300.8:	466.4	275.5	376.7	27.3	44.7
Other countries	83.3:	10.6	4/ 41.7	5/ 49.1	12.7	6.0
Total	1,175.0:	883.7	1,084.2	1,263.7	182.6	166.5

1/ If any, included in "Other countries." 2/ 4-year average. 3/ Included in India prior to 1947. 4/ El Salvador 20,957 bales. 5/ Afghanistan 23,342 bales.

Source: Der Auswartige Handel Deutschland and Monathliche Nachweise uber den Auswaritigen Handel and official reports.

Production by cotton mills in Germany is expected to level off during the next few months, as retail sales of textiles for January-October 1954 did not increase over the previous year to the same extent as other goods. More money is being spent for housing, furniture, books, radios, and other equipment than previously, and savings deposits are increasing. The return of textile consumption to normalcy may tend to limit future imports of raw cotton, although the desire of importers to build up stocks is considered a positive factor in the situation.

The competitive price position of United States cotton with other comparable growths has improved since mid-summer 1954, and November quotations indicated that the United States share of Germany's cotton imports would increase in coming months. Price information received from private sources in Germany, representing an average of the various quotations reported early in November 1954 by 20 to 30 German textile mills for the grades and staples indicated, are quoted as follows:

Raw cotton quotations in U.S. cents per pound
c.i.f. Bremen/Hamburg, received by West German
mills in early November 1954 1/

		<u>U. S. (nearest comparable quality)</u>	
<u>Brazil</u>	About Type 5, Middling very light spotted 1 inch full.....	38.40	Memphis/ Orleans/ Texas Middling 1 inch..... 39.01
	About Type 4, Strict Middling very light spotted 1 inch full.....	40.45	M/O/T Strict Middling 1 inch.... 39.71
<u>Mexico</u>	Matamoros Torreon, Middling 1-1/32 inch...	40.01	M/O/T Middling 1-1/32 inch..... 39.62
	Matamoros Torreon, Strict Middling 1-1/16 inch...	40.56	M/O/T SM 1-1/16 inch..... 40.97
	Mexicali SM 1-1/16 inch	40.76	M/O/T SM 1-1/16 inch..... 40.97
<u>Nicaragua</u>	About M 1-1/16 inch....	39.40	M/O/T M 1-1/16 inch..... 40.11
<u>Egypt</u>	Ashmouni FG 1-1/32 to 1-1/8 inch.....	49.65	California SM 1-1/8 inch..... 41.67
<u>Turkey</u>	Izmir I, about Middling full class 1-1/16 inch.	50.50	M/O/T M 1-1/16 inch..... 40.11
<u>Syria</u>	Texas 100, about SM very light spotted 1-1/32 to 1-1/16 inch.....	40.80	M/O/T SM 1-1/16 inch..... 40.97
<u>Uganda</u>	AR BP 52, about SM bright 1-1/8 to 1-5/32 inch...	45.85	California SM 1-1/8 inch..... 41.67
<u>Pakistan</u>	American seed, roller gin NT, about M light spotted 1-1/32 inch.....	42.10	M/O/T M 1-1/32 inch..... 39.62
	American seed, roller gin 289 F, about M light spotted 1-1/32 inch.....	43.25	M/O/T M 1-1/32 inch..... 39.62
<u>Iran</u>	Coukers, about barely SM 1-1/16 inch.....	41.20	M/O/T SM 1-1/16 inch..... 40.97
<u>Afghanistan</u>	About SM 1-1/16 inch...	41.00	M/O/T SM 1-1/16 inch..... 40.97

1/ Mostly Nov/Dec shipment, cash on arrival (partly $\frac{1}{2}\%$ quality franchise).
Quotations for U.S. and Mexican cotton based on Dec. 1954 NY (34.56 cents
per pound).

GERMAN TOBACCO PRODUCTION

German tobacco growers were allowed in 1954 to plant a larger acreage to each of the 3 major types of tobacco. Flue-cured acreage which was increased about 20 percent is expected to produce a disappointing crop, about 12 percent below the 1953 crop. Harvests of both Burley and cigar leaf are expected to be larger this year.

Production of flue-cured was reduced primarily by a poor growing season. The German Virginia-type plant has little resistance to either root rot or wildfire and the quality of the smaller 1954 crop was considerably lowered by these diseases.

Germany: Tobacco Acreage and Production

Type	Area Harvested		Production <u>1/</u>	
	1953	1954 <u>2/</u>	1953	1954 <u>2/</u>
	<u>acres</u>	<u>acres</u>	<u>pounds</u>	<u>pounds</u>
Flue-Cured <u>3/</u>	5,290	6,251	9,285	8,267
Burley	5,705	6,325	11,291	12,831
Other				
light Air-Cured <u>3/</u>	495	543	926	937
Cigar Leaf <u>4/</u>	12,175	13,264	26,191	33,069
Total	23,665	26,383	47,693	55,104

1/ Farm sales weight of cured leaf. 2/ Estimates as of November 1954.

3/ American-seed Virginia type, a portion of which is air-cured for use chiefly in pipe blends. 4/ Trade sources estimate that 80 percent is filler with about 10 percent each for binder and wrapper leaf.

BOLIVIA RESTRICTS IMPORTS OF PROCESSED CIGARETTE TOBACCO

The American Embassy at La Paz reports that no further licenses will be issued for the import of processed cigarette tobacco. Imports of processed tobacco are considered by the Ministry of National Economy as an unnecessary expenditure of dollar exchange. Present regulations call for the issuance of licenses only for the import of leaf tobacco for processing in domestic plants. In addition to conserving foreign exchange, this measure is designed to increase local employment.

HONG KONG IMPORTS OF UNMANUFACTURED TOBACCO

Shipments of unmanufactured tobacco into Hong Kong are holding up well this year. By the end of September 1954 nearly 6 million pounds had been received which compares favorably with the total of 8 million pounds imported during the entire year 1953. Imports of United States leaf for the first 9 months were 2.6 million pounds compared with 3.9 million for the year 1953.

Hong Kong: Imports of Unmanufactured Tobacco by Countries of Origin: Includes Cut Tobacco for Further Manufacture

Country	1952	1953	Jan.-Sept. 1954
	1,000	1,000	1,000
	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
India	1,607	2,655	2,268
British Central Africa	15	58	406
United States	3,585	3,962	2,594
China	360	609	261
Others	302	767	465
Total.....	5,869	8,051	5,994

U. S. Exports of Unmanufactured Tobacco to Hong Kong: Quantity and Value

Type	1952	1953	Jan.-Aug. 1954
	1,000	1,000	1,000
	<u>pounds</u>	<u>dollars</u>	<u>pounds</u> : <u>dollars</u>
Flue-Cured.....	3,534	2,623	3,695
Burley.....	38	18	353
Total.....	3,572	2,641	4,048

PHILIPPINE TRADE NEGOTIATIONS AFFECTING TOBACCO

Several provisions of the agreement signed by the United States and Philippine Trade Delegations on December 15 will, if ratified, affect the United States tobacco industry. This agreement is expected to be submitted to the Congresses of the two countries for ratification in the next few months.

Article II of the agreement would permit the President of the Philippines to impose a quota on imports of tobacco if investigation indicated that imports were causing or threatening a serious injury to Philippine tobacco producers. Any quota imposed for any 12-month period, for the purpose of protecting domestic industry, shall not be less than the amount determined by the President of the Philippines as the total amount which, during the 12 months preceding entry into effect of the quota, was entered, or withdrawn from warehouse for consumption, after deduction of the amount by which he finds domestic production can be increased during the 12-month period of the quota. If the quota is established for any period other than a 12-month period, it shall not be less than a proportionate amount.

The Article further provides that an opportunity shall be given this country to consult before such a quota is imposed. However, this right of consultation does not imply that the consent of this country is required before the quota may be put into effect.

The table below summarizes the schedules of United States tariff-free quotas on imports of Philippine leaf tobacco and cigars and the proportion of the Philippine tariff on tobacco that may be imposed during the life of the agreement.

Table of Quotas and Tariff Agreements between the United States and the Philippines Republic on Manufactured and Unmanufactured Tobacco

Period	Percentage of Philippine <u>1/</u> Leaf and Cigars that may be imported into the U. S. duty free	Percentage of Tariff <u>2/</u> that the Philippines may impose on U.S. leaf.
1956-58	95 <u>3/</u>	25
1959-61	90	50
1962-64	80	75
1965-67	60	90
1968-70	40	90
1971-73	20	90
1974	0	100

1/ Based on the present quota of 200 million cigars and 6.5 million pounds of scrap and filler tobacco that may enter the United States duty free.

2/ Based on the 1909 tariff rate of U. S. \$1.85 per pound. There is a proposal to reduce this rate substantially.

3/ There is no absolute quota under the new agreement, however all products that enter in excess of these quotas will be taxed at the lowest rate applicable to other countries: Cigars, U. S. \$1.50 per pound plus 10 percent ad valorem. Unstemmed cigar filler and scrap - U. S. \$0.14 per pound.

FRANCE TO USE PRICE SUPPORT PROGRAM TO
INCREASE OILSEED PRODUCTION

The French Government recently announced a new program for stimulating oilseed production, not only in France, but also in French North Africa and French Overseas Departments and Territories, according to Agricultural Attache Omer W. Herrmann, American Embassy, Paris.

The recent action in the form of two decrees, dated November 13, 1954, dealing with the organization of the market for edible fluid oils, is a positive move in the direction of greater self-sufficiency in vegetable oils and oilseeds. It also will provide farmers with an alternative crop, rapeseed, for diverted sugar beets (and possibly some wheat) acreage.

The first basic decree provides for:

- (1) The establishment of prices each year for the crops of 1954 to 1959 inclusive; prices will be set for rapeseed prior to June 20 each year and before November 15 for peanuts.
- (2) The creation of a special oilseed marketing support fund for financing price stabilization operations.
- (3) The establishment of an overall annual refined oil quota of about 247,500 short tons from peanuts, 107,000 tons from domestic oilseeds (mainly rapeseed) and about 107,000 tons from olive oil. Price supports will not be available for production in excess of these quotas which may, however, be adjusted within the total quota if necessary.

The second decree concerns domestic oilseeds. Its main provisions are:

- (1) Until 1959 rapeseed prices will be supported at a base price of 6,600 francs per quintal (about \$171 per short ton). This price may vary up and down depending on the fluctuations of certain cost-of-living indices.
- (2) A special domestic oilseed marketing fund will provide for the payment to the farmer of the difference between the farmers' support price and the commercial market price.

An order, dated November 25, 1954, sets the price for peanuts for oil processing at 94.5 francs per kilo (about 12.2 cents per pound) for the year 1954-55.

These decrees are of particular interest to the United States and other surplus producers of these products in that they may result in further closing of the door to imports.

INDONESIAN COPRA
SITUATION, THIRD QUARTER

Indonesian copra production during the third quarter of 1954, as measured in terms of Copra Foundation purchases, totaled 89,948 long tons, according to R. J. MacQuaid, American Embassy, Djakarta. This is a decrease of 12 percent from production during the second quarter and a decrease of 9 percent from output in the third quarter of 1953. Production during the first 3 quarters totaled 303,619 tons, compared with 320,060 tons in the comparable period of 1953. These figures include only official purchases by the Copra Foundation in East Indonesia. Copra produced in Sumatra and Java is not under the jurisdiction of the Copra Foundation and may be sold freely in the domestic market. Moreover, as free market prices in the non-Copra Board area are higher than Foundation prices, it can be assumed that copra production is considerably larger than Foundation purchases indicate.

Copra consumption during the third quarter increased slightly from the second quarter. Foundation deliveries to local oil mills through September were 163,508 tons against 144,798 tons in the first 9 months of 1953.

Total exports of copra, including Copra Foundation exports, during July-September amounted to 79,269 tons. January-September exports totaled 224,861 tons, compared with 200,309 tons in the same period of 1953.

On August 1, the Copra Foundation raised its price paid to producers in East Indonesia from 120 rupiahs per 100 kilograms delivered to warehouse to 125 rupiahs. Concurrently, the price paid to producers in Borneo was raised from 115 to 120 rupiahs. These prices were maintained throughout the rest of the quarter, but on December 1 the purchasing prices were again raised 5 rupiahs, making prices as of early December 130 and 125 rupiahs per 100 kilograms in East Indonesia and Borneo, respectively. Local free market prices in Djakarta rose from 190 to 195 rupiahs per 100 kilograms.

The Copra Foundation selling price to domestic coconut oil manufacturers remained at 180 rupiahs per 100 kilograms, while the wholesale price of domestic coconut oil in early December was 3.10 rupiahs per kilogram.

The export price for Indonesian copra is based on the Philippine and Straits copra prices (current Straits copra price £73-15s, or \$206.50 per long ton, c.i.f. United Kingdom and North Europe). During the period under review, copra export prices reached the low point for the year. Beginning in the second half of September, however, prices started a slight rise as European oil manufacturers began to build up stocks for the winter.

On November 1, the brokerage commission paid to copra exporters by the Copra Foundation was changed to one-fourth of one percent of the export value in foreign currency, and three-fourths of one percent of the value in rupiahs. The previous commission had been one-fourth of one percent of the value in foreign currency, and five-eighths of one percent of the value in rupiahs.

The outlook for copra exports during the last quarter and next year is quite good. It was recently announced that Indonesia had sold Communist China 10,000 metric tons (9,842 long tons) of copra. The first shipment, 5,000 tons, was scheduled to leave Indonesia November 4. The Indonesia-Communist China trade agreement sets a value of £1,250,000 (\$3.5 million) for Chinese copra purchases in Indonesia so that Indonesia could possibly export 17-20,000 tons of copra to China. The same agreement also calls for £85,000 (\$238,000) worth of palm oil.

Despite the slump in prices during mid-1954, the Copra Board's confidence in the future was shown by the placing of an order for five 600-ton deadweight coasters to transport copra from the growing areas in the Celebes to the export harbors.

COLOMBIA RELIES ON IMPORTS TO MEET VEGETABLE OIL REQUIREMENTS

Colombia will rely to a large extent on imports for some years to come to meet her annual vegetable oil requirements, but every effort will be made to protect domestic processors by importing oil-bearing materials rather than oils, reports Quentin R. Bates, Agricultural Attache, American Embassy, Bogota. Copra imports--about 25,600 short tons in 1954--chiefly from the Philippines, represents the largest single source of vegetable oils. Tightened import restrictions considerably reduced the quantity of refined vegetable oils imported during recent months.

Production of vegetable oils from domestic sources in 1954 is estimated at 17,300 tons against 13,400 tons in 1953. Almost the entire increase in 1954 may be attributed to the spectacular jump in cotton production resulting in a substantial increase in cottonseed oil supplies. Output of domestic tallow and lard in 1954 was reported at 40,800 and 9,400 tons, respectively, compared with 41,900 and 8,800 tons in 1953. Imports of lard in 1954--2,200 tons--increased but tallow imports of 4,600 tons were down by nearly one-half from the year before.

INDONESIA'S PALM OIL AND PALM KERNEL PRODUCTION AND EXPORTS UP

Indonesia's production of palm oil and palm kernels during the third quarter of 1954, at 50,064 and 12,803 short tons, respectively, was considerably larger than production in either of the 2 previous quarters, reports R. J. MacQuaid, American Embassy, Djakarta. January-September output of palm oil at 136,241 tons exceeded production in the comparable period of 1953 by 4 percent. Kernel production for the 9-month period at 35,179 tons exceeded 1953 by 2 percent.

Palm oil and palm kernel exports, 35,750 and 13,304 tons, respectively, also were larger than in either the first or second quarters. During the first 9 months of the current year palm oil exports totaled 95,973 tons, compared with 91,566 tons in the same period of last year, while kernel exports were 32,774 tons against 33,545 in 1953.

Stocks as of September 30 were reported at 14,193 tons of palm oil and 4,392 tons of palm kernels.

JAPANESE ORANGE
CROP MUCH LARGER

The 1954 production of Satsuma oranges in Japan is estimated at 16,503,000 boxes, which is 66 percent larger than the 1953 crop of 9,921,000 boxes. This is the principal variety of oranges produced in Japan and it is the principal export variety. This was an excellent year in the cycle of orange production.

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